



HEALTH ANNUAL STATEMENT

AS OF DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

SelectCare HMO, Inc.

NAIC Group Code 1311 1311 NAIC Company Code 95464 Employer's ID Number 38-2598455
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:

Life Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Other []
Health Maintenance Organization [X] Is HMO Federally Qualified? Yes (X) No ()

Incorporated December 3, 1984 Commenced Business July 1, 1986

Statutory Home Office 2850 West Grand Boulevard, Detroit, Michigan 48202
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 2850 West Grand Boulevard, Detroit, Michigan 48202 313-872-8100
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2850 West Grand Boulevard, Detroit, Michigan 48202
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 2850 West Grand Boulevard, Detroit, Michigan 48202
(Street and Number, City or Town, State and Zip Code)
313-872-8100
(Area Code) (Telephone Number)

Internet Website Address www.selectcare.com

Statement Contact Ronald W. Berry 313-664-8559
(Name) (Area Code) (Telephone Number) (Extension)
RBerry2@hapcorp.org 248-664-8433
(E-Mail Address) (Fax Number)

Policyowners 2850 West Grand Boulevard, Detroit, Michigan 48202 313-872-8100
Relations (Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)
Contact and Phone Number

OFFICERS

President Cleve L. Killingsworth, Jr.
Secretary Maurice E. McMurray
Treasurer Joseph E. Schmitt, III

OTHER OFFICERS

Asst. Secretary: Deborah Tasich Withrow

DIRECTORS OR TRUSTEES

Cleve L. Killingsworth, Jr.
Maurice E. McMurray
Francine Parker

State of Michigan }
County of Wayne } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Cleve L. Killingsworth, Jr. Maurice E. McMurray Joseph E. Schmitt, III
President Secretary Treasurer

Subscribed and sworn to before me this
day of

NOTARY PUBLIC (Seal)

a. Is this an original filing? Yes (X) No ()
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			(a)	
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ 20,347,105 , Schedule E - Part 1) and short-term investments (\$, Schedule DA - Part 2)	20,347,105		20,347,105	44,914,779
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal cash and invested assets (Line 1 to Line 8)	20,347,105		20,347,105	44,914,779
10. Accident and health premiums due and unpaid				2,326,578
11. Health care receivables				80,953
12. Amounts recoverable from reinsurers				265,321
13. Net adjustments in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	27,058		27,058	82,658
15. Amounts due from parent, subsidiaries and affiliates	784,737		784,737	3,289,175
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment				
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset)				
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets				3,567
23. Total assets (Line 9 plus Line 10 through Line 22)	21,158,900		21,158,900	50,963,031
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)				
2201. Other Receivables				3,567
2202.				
2203.				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. Totals (Line 2201 through Line 2203 plus Line 2298) (Line 22 above)				3,567

(a) \$ health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	16,693,539		16,693,539	44,382,548
2. Accrued medical incentive pool and bonus payments				
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance				
7. General expenses due or accrued				839,015
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)				
9. Amounts withheld or retained for the account of others				
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)				
11. Amounts due to parent, subsidiaries and affiliates	3,718		3,718	41,161
12. Payable for securities				
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$ 19,297 current)	19,297		19,297	44,483
18. Total liabilities (Line 1 to Line 17)	16,716,554		16,716,554	45,307,207
19. Common capital stock	X X X	X X X	3,000	3,000
20. Preferred capital stock	X X X	X X X		
21. Gross paid in and contributed surplus	X X X	X X X	6,997,000	6,997,000
22. Surplus notes	X X X	X X X		
23. Aggregate write-ins for other than special surplus funds	X X X	X X X		
24. Unassigned funds (surplus)	X X X	X X X	(2,557,654)	(1,344,176)
25. Less treasury stock, at cost:				
25.1 shares common (value included in Line 19 \$)	X X X	X X X		
25.2 shares preferred (value included in Line 20 \$)	X X X	X X X		
26. Total capital and surplus (Line 19 to Line 24 less Line 25)	X X X	X X X	4,442,346	5,655,824
27. Total liabilities, capital and surplus (Line 18 and Line 26)	X X X	X X X	21,158,900	50,963,031
DETAILS OF WRITE-INS				
1701. Miscellaneous	19,297		19,297	44,483
1702.				
1703.				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. Totals (Line 1701 through Line 1703 plus Line 1798) (Line 17 above)	19,297		19,297	44,483
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months	X X X		1,222,539
2. Net premium income	X X X	1,017,299	203,713,271
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Total revenues (Line 2 to Line 6)	X X X	1,017,299	203,713,271
Medical and Hospital:			
8. Hospital/ medical benefits		(6,001,364)	153,372,509
9. Other professional services			
10. Outside referrals			4,496,498
11. Emergency room and out-of-area			10,304,475
12. Prescription drugs			
13. Aggregate write-ins for other medical and hospital			17,986,639
14. Incentive pool and withhold adjustments			
15. Subtotal (Line 8 to Line 14)		(6,001,364)	186,160,121
Less:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Line 15 minus Line 16)		(6,001,364)	186,160,121
18. Claims adjustment expenses			3,740,169
19. General administrative expenses			23,856,748
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Line 17 through Line 20)		(6,001,364)	213,757,038
22. Net underwriting gain or (loss) (Line 7 minus Line 21)	X X X	7,018,663	(10,043,767)
23. Net investment income earned		545,779	1,946,334
24. Net realized capital gains or (losses)			252,964
25. Net investment gains or (losses) (Line 23 plus Line 24)		545,779	2,199,298
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
27. Aggregate write-ins for other income or expenses		(2,168)	
28. Net income or (loss) before federal income taxes (Line 22 plus Line 25 plus Line 26 plus Line 27)		7,562,274	(7,844,469)
29. Federal and foreign income taxes incurred	X X X	2,275,752	(2,892,473)
30. Net income (loss) (Line 28 minus Line 29)	X X X	5,286,522	(4,951,996)
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	X X X		
1301. Pharmaceuticals			26,479,351
1302. COB & Subrogation			(4,713,478)
1303. Co-Payments & Other			(3,779,234)
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. Totals (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)			17,986,639
2701. Miscellaneous		(2,168)	
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		(2,168)	

STATEMENT OF REVENUE AND EXPENSES (continued)

	1	2
	Current Year	Prior Year
CAPITAL AND SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	5,655,824	16,588,413
GAINS AND LOSSES TO CAPITAL AND SURPLUS		
32. Net income or (loss) from Line 30	5,286,522	(4,951,996)
33. Change in valuation basis of aggregate policy and claims reserves		
34. Net unrealized capital gains and losses		12,809
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		(655,288)
37. Change in nonadmitted assets		661,886
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in		
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders	(6,500,000)	(6,000,000)
45. Aggregate write-ins for gains or (losses) in surplus		
46. Net change in capital and surplus (Line 32 to Line 45)	(1,213,478)	(10,932,589)
47. Capital and surplus end of reporting period (Line 31 plus Line 46)	4,442,346	5,655,824
DETAILS OF WRITE-INS		
4501.		
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. Totals (Line 4501 through Line 4503 plus Line 4598) (Line 45 above)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	3,343,877	203,133,628
2. Claims and claims adjustment expenses	21,341,372	174,989,158
3. General administrative expenses paid	837,615	23,755,445
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(18,835,110)	4,389,025
6. Net investment income	601,379	2,383,295
7. Other income (expenses)	(2,186)	(74,118)
8. Federal and foreign income taxes (paid) recovered	(2,275,752)	2,892,473
9. Net cash from operations (Line 5 to Line 8)	(20,511,669)	9,590,675
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds		
10.2 Stocks		23,988,527
10.3 Mortgage loans		
10.4 Real estate		
10.5 Other invested assets		
10.6 Net gains or (losses) on cash and short-term investments		
10.7 Miscellaneous proceeds		(252,964)
10.8 Total investment proceeds (Line 10.1 to Line 10.7)		23,735,563
11. Cost of investments acquired (long-term only):		
11.1 Bonds		
11.2 Stocks		14,811,025
11.3 Mortgage Loans		
11.4 Real estate		
11.5 Other invested assets		
11.6 Miscellaneous applications		
11.7 Total investments acquired (Line 11.1 to Line 11.6)		14,811,025
12. Net cash from investments (Line 10.8 minus Line 11.7)		8,924,538
Cash from Financing and Miscellaneous Sources		
13. Cash Provided:		
13.1 Surplus notes, capital and surplus paid in		
13.2 Net transfers from affiliates		
13.3 Borrowed funds received		
13.4 Other cash provided		
13.5 Total (Line 13.1 to Line 13.4)		
14. Cash applied:		
14.1 Dividends to stockholders paid	6,500,000	6,000,000
14.2 Net transfers to affiliates	(2,466,995)	2,590,657
14.3 Borrowed funds repaid		
14.4 Other applications	23,000	
14.5 Total (Line 14.1 to Line 14.4)	4,056,005	8,590,657
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(4,056,005)	(8,590,657)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(24,567,674)	9,924,556
17. Cash and short-term investments:		
17.1 Beginning of year	44,914,779	34,490,223
17.2 End of year (Line 16 plus Line 17.1)	20,347,105	44,414,779

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	1,017,299	822,837					194,462						
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$ medical expenses)													
4. Risk revenue													
5. Aggregate write-ins for other health care related revenues													
6. Total revenues (Line 1 to Line 5)	1,017,299	822,837					194,462						
7. Medical/hospital benefits	(6,001,364)	(4,258,587)					(782,733)	(960,044)					
8. Other professional services													
9. Outside referrals													
10. Emergency room and out-of-area													
11. Prescription drugs													
12. Aggregate write-ins for other medical and hospital													
13. Incentive pool and withhold adjustments													
14. Subtotal (Line 7 to Line 13)	(6,001,364)	(4,258,587)					(782,733)	(960,044)					
15. Net reinsurance recoveries													
16. Total medical and hospital (Line 14 minus Line 15)	(6,001,364)	(4,258,587)					(782,733)	(960,044)					
17. Claim adjustment expenses													
18. General administrative expenses													
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Line 16 to Line 19)	(6,001,364)	(4,258,587)					(782,733)	(960,044)					
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	7,018,663	5,081,424					977,195	960,044					
DETAILS OF WRITE-INS													
0501.													
0502.													
0503.													
0598. Summary of remaining write-ins for Line 5 from overflow page													
0599. Total (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)													
1201.													
1202.													
1203.													
1298. Summary of remaining write-ins for Line 12 from overflow page													
1299. Total (Line 1201 through Line 1203 plus Line 1298) (Line 12 above)													

UNDERWRITING AND INVESTMENT EXHIBIT

Part1 - Premiums

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Column 1 plus Column 2 minus Column 3)
1. Comprehensive (medical and hospital)	822,837			822,837
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan Premiums	194,462			194,462
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other				
9. Totals	1,017,299			1,017,299

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	21,687,645	14,832,365				1,748,716	5,106,564		
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	21,687,645	14,832,365				1,748,716	5,106,564		
2. Paid medical incentive pools and bonuses									
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct									
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net									
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct	16,693,539	13,195,959				1,462,980	2,034,600		
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	16,693,539	13,195,959				1,462,980	2,034,600		
5. Accrued medical incentive pools and bonuses, current year									
6. Amounts recoverable from reinsurers December 31, current year									
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	44,382,548	32,286,911				3,994,429	8,101,208		
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	44,382,548	32,286,911				3,994,429	8,101,208		
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year									
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	(6,001,364)	(4,258,587)				(782,733)	(960,044)		
11.2 Reinsurance assumed									
11.3 Reinsurance ceded									
11.4 Net	(6,001,364)	(4,258,587)				(782,733)	(960,044)		
12. Incurred medical incentive pools and bonuses									

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1 Direct									
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net									
2. Incurred but Unreported:									
2.1 Direct	16,693,539	13,195,959				1,462,980	2,034,600		
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	16,693,539	13,195,959				1,462,980	2,034,600		
3. Amounts Withheld from Paid Claims and Capitations:									
3.1 Direct									
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net									
4. TOTALS:									
4.1 Direct	16,693,539	13,195,959				1,462,980	2,034,600		
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	16,693,539	13,195,959				1,462,980	2,034,600		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 plus Column 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (medical and hospital)	14,832,365		13,195,959		28,028,324	32,286,911
2. Medicare Supplement						
3. Dental Only						
4. Vision Only						
5. Federal Employees Health Benefits Plan Premiums	1,748,716		1,462,980		3,211,696	3,994,429
6. Title XVIII - Medicare	5,106,564		2,034,600		7,141,164	8,101,208
7. Title XIX - Medicaid						
8. Other						
9. Subtotal	21,687,645		16,693,539		38,381,184	44,382,548
10. Medical incentive pools, accruals and disbursements						
11. Totals	21,687,645		16,693,539		38,381,184	44,382,548

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SelectCare HMO , Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims - Grand Total

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	21,592	753			
2. 1998	126,024	32,013	873		
3. 1999	X X X	184,238	19,200	568	
4. 2000	X X X	X X X	175,250	33,220	5
5. 2001	X X X	X X X	X X X	142,443	21,682
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998	154,866	158,787	158,910	158,910	158,910
3. 1999	X X X	205,652	204,191	204,006	204,006
4. 2000	X X X	X X X	213,098	209,136	208,475
5. 2001	X X X	X X X	X X X	186,160	180,820
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio - Grand Total

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 + 7 + 8)	10 (Column 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Line 1 through Line 6)	X X X			X X X		X X X				X X X
8. Total (Line 2 through Line 6)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

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Underwriting and Investment Exhibit, Part 2D

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1	2	3	4
	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)				
2. Salaries, wages and other benefits				
3. Commissions (less \$ ceded plus \$ assumed)				
4. Legal fees and expenses				
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services				
7. Traveling expenses				
8. Marketing and advertising				
9. Postage, express, and telephone				
10. Printing and office supplies				
11. Occupancy, depreciation and amortization				
12. Equipment				
13. Cost or depreciation of EDP equipment and software				
14. Outsourced services including EDP, claims, and other services				
15. Boards, bureaus and association fees				
16. Insurance, except on real estate				
17. Collection and bank service charges				
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes				
23.3 Regulator authority licenses and fees				
23.4 Payroll taxes				
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere				
25. Aggregate write-ins for expenses				
26. Total expenses incurred (Line 1 to Line 25)				(a)
27. Add expenses unpaid December 31, prior year		839,015		839,015
28. Less expenses unpaid December 31, current year				
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Line 26 plus Line 27 minus Line 28 minus Line 29 plus Line 30)		839,015		839,015
DETAILS OF WRITE-INS				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)				

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a)	
1.1 Bonds exempt from U. S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 601,379	545,779
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	601,379	545,779
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Totals deductions (Line 11 through Line 15)		
17. Net investment income (Line 10 minus Line 16)		545,779
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903 plus Line 0998) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus Line 1598) (Line 15 above)		
(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1. U. S. Government bonds					
1.1 Bonds exempt from U. S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash/short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus Line 0998) (Line 9 above)					

NONE

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Exhibit 1, Analysis of Nonadmitted Assets

NONE

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	74,483					
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. Total	74,483					
DETAILS OF WRITE-INS						
0601.....						
0602.....						
0603.....						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above).....						

NOTES TO FINANCIAL STATEMENTS

Note 1: Organization and Operation

SelectCare HMO, Inc („the HMO’) is a for-profit organization formed for the purpose of promoting and operating a prepaid group health plan primarily in Michigan. The HMO is a wholly-owned subsidiary of SelectCare, Inc. („SCI“). SCI is a holding company formed for the purpose of managing and developing health care delivery systems and related services. During 2001, SelectCare, Inc. was jointly purchased by Health Alliance Plan of Michigan and PPOM, a Blue Cross Blue Shield of Michigan affiliated organization. As part of the purchased agreement, Health Alliance Plan of Michigan obtained the operations of SelectCare HMO, Inc.

The HMO began operations on July 1, 1986 when SCI acquired the assets of Group Health Plan of Southeast Michigan. In 1991, the Board of Directors approved the corporate name change to SelectCare HMO, Inc.

A license to operate as a health maintenance organization under the provision of act 368, Public Acts of 1978, as amended, was issued to the HMO on June 24, 1986.

The HMO was federally qualified on October 29, 1986 under Title XIII of the U.S. Public Health Service Act by the U.S. Department of Health and Human Services. As of September 1, 1997 the HMO is voluntarily no longer federally qualified.

Note 2: Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals.

b. Cash and Cash Equivalents

Cash equivalents include investments which are highly liquid and mature in three months or less.

c. Accounts Receivable

Accounts receivable consist of balances due for premium income.

d. Minimum Net Worth Requirements

In compliance with the State of Michigan law, the HMO has established a \$500,000 reserve. At December 31, 2002 net worth for statutory reporting purposes was \$4,442,346. State reserves investments are stated at cost which approximates fair value. State reserves represent a contingency fund under an agreement with the Commissioner of Insurance, State of Michigan and consist of 90 day U.S. Treasury Bills. Interest earned on the state reserves is remitted to the HMO and is used for working capital purposes.

e. Premium Income

Premium income is recognized in the month in which the members are entitled to health care services. Premium income collected in advance is recorded as deferred premium income.

f. Medical Expense and Claims Payable

Health care costs are accrued in the period services are provided to the enrolled members and include an independent actuary’s estimate of costs incurred but not yet processed. Such estimates are continually reviewed and updated and any adjustments resulting therefrom are reflected in current operations.

g. Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3: Related Parties

The HMO pays a management fee to SCI for providing administrative services. The management fee is calculated based on a percentage of revenues. Administrative management fees totaling \$26,842,211 were paid to SCI in 2001. Medical management fees totaling \$2,064,785 were paid to SCI in 2001.

Note 4: Income Taxes

NOTES TO FINANCIAL STATEMENTS

The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities at December 31, 2002 and 2001 are presented below.

	<u>2002</u>	<u>2001</u>
Deferred tax assets:		
Insurance provision	-	\$429,935
Bad debt reserve	-	-
Unrealized losses	-	-
Net deferred tax asset	<u>-</u>	<u>\$429,935</u>

The HMO’s net taxable income is included in the consolidated tax return of SCI. It is combined with the following entities: SelectCare, Inc.; SelectCare Systems Corporation; SelectCare Networks, Inc.; and SelectCare Reinsurance, Ltd. Income tax expense or credit (current and deferred) is allocated between SCI and its wholly-owned subsidiaries based on their respective net income or loss.

The income tax expense consists of the following for the years ended December 31:

	<u>2002</u>	<u>2001</u>
Current income tax expense	\$2,275,752	(\$2,892,473)
Deferred income tax expense	-	655,288
	<u>\$2,275,752</u>	<u>\$2,667,120</u>

During the year ended December 2001 the HMO paid income taxes of \$990,313.

Note 5: Information Concerning Parent, Subsidiaries, and Affiliates

Refer to footnotes 1 and 3.

Note 6: Retirement Plans, Deferred Compensation, and Other Postretirement Benefit Plans

Not applicable.

Note 7: Dividend Restrictions

The HMO is not subject to dividend restrictions.

Note 8: Commitments and Contingencies

The HMO is involved in other litigation primarily arising in the normal course of business. When ultimately concluded these cases will not have a material adverse effect upon the HMO’s financial position or results of operations.

Note 9: Uncollectible Reinsurance

Not applicable

Note 10: Contingent Liabilities

Not applicable.

Note 11: Commutation of Reinsurance

Not applicable.

Note 12: Borrowed Money

Not applicable.

Note 13: Leases

Not applicable.

Note 14: Gain or loss to the HMO from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans:

Not applicable.

NOTES TO FINANCIAL STATEMENTS

Note 15: Events Subsequent

Not applicable.

Note 16: Other Items

The HMO used rounding to the nearest dollar in reporting amounts in this statement.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC				
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publically traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$ of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments	20,347,105	100.000	20,347,105	100.000
9. Other invested assets				
10. Total invested assets	20,347,105	100.000	20,347,105	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons , one or more of which is an insurer?

Yes (X) No ()
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner , Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System , a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes (X) No () N/A ()
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter , by-laws , articles of incorporation , or deed of settlement of the reporting entity?

Yes () No (X)
- 2.2

If yes, date of change:
If not previously filed , furnish herewith a certified copy of the instrument as amended.

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made:

12/31/1997
- 3.2

State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity . This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1997
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity . This is the release date or completion date of the examination report and not the date of the examination (balance sheet date) .

07/12/1999
- 3.4

By what department or departments?
Michigan Insurance Bureau.
- 4.1

During the period covered by this statement , did any agent , broker , sales representative , non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes () No (X)
- 4.12

renewals?

Yes () No (X)
- 4.2

During the period covered by this statement , did any sales/service organization owned in whole or in part by the reporting entity or an affiliate , receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes () No (X)
- 4.22

renewals?

Yes () No (X)
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes () No (X)
- 5.2

If yes , provide name of the entity , NAIC Company Code , and state of domicile (use two letter state abbreviation) for any reporting entity that has ceased to exist as a result of the merger or consolidation .

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority , licenses or registrations (including corporate registration , if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action , either formal or informal , if a confidentiality clause is part of the agreement .)

Yes () No (X)
- 6.2

If yes , give full information:

.....
.....
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes () No (X)
- 7.2

If yes ,

7.21

State the percentage of foreign control;

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the reporting entity is a mutual or reciprocal , the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g. ; individual , corporation , government , manager or attorney-in-fact) .

..... %

1 Nationality	2 Type of Entity
.....
.....
.....

GENERAL INTERROGATORIES (continued)

8.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte and Touche
600 Renaissance Center , Suite 900 , Detroit , MI 48243-1895
9.

What is the name , address and affiliation (officer /employee of the reporting entity or actuary /consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion /certification?
David O . Thoen , FSA MAAA Actuary Deloitte and Touche , LLP
400 One Financial Plaza , 120 South Street , Minneapolis , MN 55402-1844
10.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
Not applicable.
.....
- 10.2

Does this statement contain all business transacted for the reporting entity through its United States branch , on risks wherever located?

Yes () No ()
- 10.3

Have there been any changes made to any of the trust indentures during the year?

Yes () No ()
- 10.4

If answer to (10.3) is yes , has the domiciliary or entry state approved the changes?

Yes () No () N/A (X)

BOARD OF DIRECTORS

11.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes (X) No ()
12.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes (X) No ()
13.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers , directors , trustees , or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes (X) No ()

FINANCIAL

- 14.1

Total amount loaned during the year (inclusive of Separate Accounts , exclusive of policy loans):

14.11 To directors or other officers

\$

14.12 To stockholders not officers

\$

14.13 Trustees , supreme or grand (Fraternal only)

\$
- 14.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts , exclusive of policy loans):

14.21 To directors or other officers

\$

14.22 To stockholders not officers

\$

14.23 Trustees , supreme or grand (Fraternal only)

\$
- 15.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes () No (X)
- 15.2

If yes , state the amount thereof at December 31 of the current year:

15.21 Rented from others

\$

15.22 Borrowed from others

\$

15.23 Leased from others

\$

15.24 Other

\$

Disclose in Notes to Financial Statements the nature of each obligation .

- 16.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes () No (X)
- 16.2

If answer is yes:

16.21 Amount paid as losses or risk adjustment

\$

16.22 Amount paid as expenses

\$

16.23 Other amounts paid

\$

GENERAL INTERROGATORIES
(Continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred Common	1,000,000	300,000	0.01	X X X	Yes () No () X X X X X X	Yes () No () X X X X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes (X) No ()

18.2 If no, give full and complete information relating thereto:
.....
.....

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes () No (X)

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Loaned to others

19.22 Subject to repurchase agreements

19.23 Subject to reverse repurchase agreements

19.24 Subject to dollar repurchase agreements

19.25 Subject to reverse dollar repurchase agreements

19.26 Pledged as collateral

19.27 Placed under option agreements

19.28 Letter stock or securities restricted as to sale

19.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

19.31

19.32

19.33

19.34

19.35

19.36

19.37

19.38

19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes () No (X)

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes () No () N/A (X)
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes () No (X)

21.2 If yes, state the amount thereof at December 31 of the current year. \$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ()

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Bank One	Detroit, Michigan.....
.....
.....

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....
.....
.....
.....

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes () No (X)

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....
.....

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
Not applicable.....
.....
.....
.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
None.....	\$
.....	\$
.....	\$
.....	\$

24.1 Amount of payments for legal expenses, if any? \$

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
None.....	\$
.....	\$
.....	\$
.....	\$

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
None.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes () No (X)

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding:

.....

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

1.62

Total incurred claims

1.63

Number of covered lives

All years prior to most current three years:

1.64

Total premium earned

1.65

Total incurred claims

1.66

Number of covered lives

\$

\$

.....

\$

\$

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned

1.72

Total incurred claims

1.73

Number of covered lives

All years prior to most current three years:

1.74

Total premium earned

1.75

Total incurred claims

1.76

Number of covered lives

\$

\$

.....

\$

\$

.....

2.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes () No (X)

2.2

If yes, give particulars:

.....

.....

3.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes (X) No ()

3.2

If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes (X) No ()

4.1

Does the reporting entity have stop-loss reinsurance?

Yes (X) No ()

4.2

If no, explain:

.....

4.3

Maximun retained risk (see instructions):

4.31

Comprehensive Medical

4.32

Medical Only

4.33

Medicare Supplement

4.34

Dental

4.35

Other Limited Benefit Plan

4.36

Other

\$ 420,000

\$

\$

\$

\$

\$

5.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

.....

6.1

Does the reporting entity set up its claim liability for provider services on a service data base?

Yes (X) No ()

6.2

If no, give details:

.....

.....

7.

Provide the following information regarding participating providers:

7.1

Number of providers at start of reporting year

7.2

Number of providers at end of reporting year

..... 8,387

.....

8.1

Does the reporting entity have business subject to premium rate guarantees?

Yes () No (X)

8.2

If yes, direct premium earned:

8.21

Business with rate guarantees between 15-36 months

8.22

Business with rate guarantees over 36 months

\$

\$

9.1

Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts?

Yes () No (X)

9.2

If yes:

9.21

Maximum amount payable bonuses

9.22

Amount actually paid for year bonuses

9.23

Maximum Amount payable withholds

9.24

Amount actually paid for year withholds

\$

\$

\$

\$

10.

List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Wayne County
Oakland
Gennessee County

GENERAL INTERROGATORIES - Line 10 (continued)

1 Name of Service Area	
Name of Service Area	
Washtenaw County	
Livingston County	
Macomb County	
Monroe County	
- Name of Service Area	

FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2002	2001	2000	1999	1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	21,158,900	50,963,031	51,178,041	31,289,165	43,691,252
2. Total liabilities (Page 3, Line 18)	16,716,554	45,307,207	34,589,628	18,138,117	29,945,933
3. Statutory surplus	500,000	500,000	500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 26)	4,442,346	5,655,824	16,588,413	13,151,048	13,745,319
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	1,017,299	203,713,271	253,832,071	242,463,008	187,158,152
6. Total medical and hospital expenses (Line 17)	(6,001,364)	186,160,121	210,292,776	204,439,479	151,763,497
7. Total administrative expenses (Line 19)		23,856,748	33,727,963	34,366,518	27,291,390
8. Net underwriting gain (loss) (Line 22)	7,018,663	(10,043,767)	7,265,391	3,657,011	8,104,265
9. Net investment gain (loss) (Line 25)	545,779	2,199,298	2,545,941	1,668,740	
10. Total other income (Line 26 plus Line 27)	(2,168)				
11. Net income or (loss) (Line 30)	5,286,522	(7,844,469)	9,811,332	3,657,011	8,104,265
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	4,442,346	5,655,824	16,588,413	13,151,048	13,745,319
13. Authorized control level risk-based capital	421,571	4,322,599	5,841,471	5,413,902	3,137,370
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)		74,483	132,336	148,199	128,790
15. Total members months (Column 6, Line 7)		1,222,539	1,692,497	1,737,378	1,426,386
OPERATING PERCENTAGES (Page 4) (Item divided by Page 4, sum of Line 2, Line 3 and Line 5)					
16. Premiums earned (Line 2 plus Line 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	(589.9)	91.4	82.8	84.3	81.1
18. Total underwriting deductions (Line 21)	(589.9)	104.9	13.3	14.2	14.6
19. Total underwriting gain (loss) (Line 22)	689.9	(4.9)	13.6	7.5	16.0
UNPAID CLAIMS ANALYSIS (U and I Exhibit, Part 2B)					
20. Total claims incurred for prior year (Line 11, Column 5)	38,381,184	34,453,996	11,767,722	25,925,051	20,163,478
21. Estimated liability of unpaid claims - prior year (Line 11, Column 6)	44,382,548	34,453,996	11,767,722	25,925,051	20,163,478

Page 33
Five-Year Historical Data (continued)
NONE

Page 36

Sch. D, Summary by Country
NONE

Sch. D, Verification Between Years
NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

				Direct Business Only			
		1	2	3	4	5	6
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No				
2.	Alaska	AK	No				
3.	Arizona	AZ	No				
4.	Arkansas	AR	No				
5.	California	CA	No				
6.	Colorado	CO	No				
7.	Connecticut	CT	No				
8.	Delaware	DE	No				
9.	District of Columbia	DC	No				
10.	Florida	FL	No				
11.	Georgia	GA	No				
12.	Hawaii	HI	No				
13.	Idaho	ID	No				
14.	Illinois	IL	No				
15.	Indiana	IN	No				
16.	Iowa	IA	No				
17.	Kansas	KS	No				
18.	Kentucky	KY	No				
19.	Louisiana	LA	No				
20.	Maine	ME	No				
21.	Maryland	MD	No				
22.	Massachusetts	MA	No				
23.	Michigan	MI	No				
24.	Minnesota	MN	No	822,837			194,462
25.	Mississippi	MS	No				
26.	Missouri	MO	No				
27.	Montana	MT	No				
28.	Nebraska	NE	No				
29.	Nevada	NV	No				
30.	New Hampshire	NH	No				
31.	New Jersey	NJ	No				
32.	New Mexico	NM	No				
33.	New York	NY	No				
34.	North Carolina	NC	No				
35.	North Dakota	ND	No				
36.	Ohio	OH	No				
37.	Oklahoma	OK	No				
38.	Oregon	OR	No				
39.	Pennsylvania	PA	No				
40.	Rhode Island	RI	No				
41.	South Carolina	SC	No				
42.	South Dakota	SD	No				
43.	Tennessee	TN	No				
44.	Texas	TX	No				
45.	Utah	UT	No				
46.	Vermont	VT	No				
47.	Virginia	VA	No				
48.	Washington	WA	No				
49.	West Virginia	WV	No				
50.	Wisconsin	WI	No				
51.	Wyoming	WY	No				
52.	American Samoa	AS	No				
53.	Guam	GU	No				
54.	Puerto Rico	PR	No				
55.	U.S. Virgin Islands	VI	No				
56.	Canada	CN	No				
57.	Aggregate other alien	X X X	X X X				
58.	Total (Direct Business)	X X X	(a) 1	822,837			194,462
DETAILS OF WRITE-INS							
5701.						
5702.						
5703.						
5798.	Summary of remaining write-ins for Line 57 from overflow page						
5799.	Total (Line 5701 through Line 5703 plus Line 5798) (Line 57 above)						

Explanation of basis of allocation by states , premiums by state, ect.

Premiums are allocated based upon the resident state of the member .

(a) Insert the number of yes responses except for Canada and Other Alien .